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TAGS: ECON ENRG FAIR EINV EAGR PREL IZ
SUBJECT: IRAQ VICE PRESIDENT AL-MAHDI - LACK OF STRATEGY
SLOWED PROJECTS

REF: A. A. BAGHDAD 2770
B. B. BAGHDAD 3007

¶1. (SBU) Summary: Iraqi Vice President Adel Al-Mahdi told EMIN on September 16 that progress in the energy sector was impaired by a lack of overall strategy, but is now moving ahead with large contracts. Problems in the Nasariyah water supply plant were gradually being addressed, he added. Al-Mahdi expressed enthusiasm for the Nasariyah airport. He is also keen to revitalize agriculture, noting it employs 25-30 percent of the labor force. End summary.

¶2. (SBU) In an initial courtesy call, EMIN Marc M. Wall met Iraqi Vice President Adel Al-Mahdi on September 16. Dr. Zuhair A.G. Humadi, Senior Advisor for the Vice President, also joined the meeting.

Strategies Still Lacking

¶3. (SBU) Vice President Al-Mahdi said he looked forward to working with EMIN and had teams for specific issues to work with the Embassy. EMIN noted Iraq's achievements over the last two years. Al-Mahdi responded, "We have made great progress on security, but now we need to make progress on the economy. The money is there, but we lack strategies for different sectors." In the energy sector, the lack of an overall strategy has created delays. "That is why it took so long to issue big contracts in the oil and electricity sector," he noted. "We are very late, including some contracts pending since 2006." The Vice President and his advisor Dr. Humadi agreed on the need to move forward on the GE turbine deal. (See Reftel A.)

Investment Ideas

¶4. (SBU) The Vice President noted that, "We organized two good conferences in Dubai and Cairo on investment." EMIN said that the Embassy was very interested in helping the Government of Iraq (GOI) attract more private investment. There may be sector specific areas in particular where the Embassy could provide assistance.

Nasariyah Water Supply Problems

¶5. (SBU) EMIN raised the issue of the Nasariyah water supply project, the subject of a letter from Ambassador Crocker to Al-Mahdi on July 24, 2008. (Al-Mahdi was born in Nasariyah.) Al-Mahdi responded that problems with the water plant were gradually resolving. The facility was getting staffed up and spare parts were now available. Unreliable electricity remained a problem with the facility, however, as it is in much of the country. (Note: The USG is providing support for equipment that has failed since turnover. End Note.) Other water projects also needed attention and follow-up.

Nasariyah Airport

¶ 6. (SBU) Vice President Al-Mahdi was enthusiastic about the Nasariyah Airport project and was pleased with the close assistance of the U.S. Embassy's Transportation Attache's office. "Not just because it is in my hometown, but because it is an important project," he stated. The initial cost will be \$75 million. It will have a cargo area and help revitalize infrastructure in the province. Al-Mahdi also wants to improve Basra airport. "There is tourism potential there, with many historic sites, including the ancient city of Ur." (Comment: At this time, there are no formal plans for an airport in Nasiriyah. The Transportation Attach,s Office has recommended a feasibility study to determine if an airport would be economically viable: a master plan for the airport should be produced prior to development of the airport. There is approximately \$360,000 in the GOI's proposed FY09 budget to begin such a study. End Comment.)

Agriculture Sector Needs Help

¶ 7. (SBU) Al-Mahdi noted that the agriculture sector employs 25-30 percent of Iraq's population. "We must take care of this sector, otherwise, people will join the urban unemployed," he stated. Iraq currently does not have food self-sufficiency, importing around 70 percent of its food. EMIN noted the continued assistance of USAID and the Agriculture Attache to help the GOI with this sector.
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